

2005 STATE OF THE CITY

**“LONG BEACH:
STRENGTHENED BY CHANGE”**

MAYOR BEVERLY O’NEILL

**City of Long Beach
California**

January 11, 2005



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OPENING

Good afternoon and welcome to my eleventh State of the City address. I am again amazed by how quickly the years speed by. Time has changed Long Beach during the past eleven years, some areas more than others. Some areas of our community will never be what they had been for many, many years. The spectacular changes didn't happen accidentally. They are the result of planning and implementation that began back in the 1990s—back when Long Beach was forced to make decisions regarding its future. The change you see is the result of the work of 23 Council members, 3 city managers, department heads and over 5,000 city employees.

But the change is also because of all of you. All of you have helped. You have brought your conferences here, expanded your businesses, developed new businesses, invited people from out of town and just talked positively about the City.

What I have to report grows each year. I continue to learn much during my time as Mayor and I'll be talking about some of those things today.

Cities statewide and nationwide are being challenged to meet the basic needs of their citizens—such as housing, jobs, public safety, and infrastructure, all with ever decreasing budgets.

We have those issues to face ourselves, however we have also much to applaud as we had planned and look forward to our future. No community I know of has matched our remarkable changeover from what we had been for most of the 20th

century to what we have become for the 21st century—a dynamic coastal community, strategically located for business growth and becoming the tourism destination of choice throughout Southern California. The loss of the Navy and the aerospace downsizing forced our transformation.

We didn't lose many amenities or have our downtown disappear into a pit of irrelevance. We have more retail choices than ever before, more residential living spaces downtown, schools we can be proud of, parks, libraries, more restaurants, more concern for the environment, and one of the most transparent budget processes in California. We are a community to live in, work in and raise a family that is better poised for the future and we're going to get better.

These achievements were noteworthy not only because they were accomplished in Long Beach, but because the recession of the nineties caused all communities in America to struggle.

The U.S. Conference of Mayors at its leadership meeting in Chicago last year outlined four areas of focus to ensure strong communities throughout the nation—the creation of jobs, smart investments in new infrastructure, public safety and homeland security.

The issues other communities are facing today are the same ones being faced by Long Beach. Many of these communities are looking at Long Beach as the model for change. Cities should never stay the same. Remaining at status quo means not changing while the world and circumstances change daily. That isn't an option.

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Cities either grow, evolve, transition or they stagnate. It isn't easy to make a transformation. But not to make it when it's your time, can be devastating. In 1994 we were reeling from the decisions to close Navy facilities and downsize our aerospace workforce and that was our time to change.

America's economy is driven and fed by our largest metro areas. The Los Angeles and Long Beach metro economy for 2003 exceeded \$400 billion for the first time and is second in the nation to New York's metro economy. Our area represents the 18th largest economy in the world. This is a strategic area.

Long Beach is more on the national stage now. In June I will assume the Presidency of the US Conference of Mayors and involvement in the coming months will intensify. We will have an unprecedented opportunity to raise Long Beach issues to a national level, elevating our concerns to the national discussion. It's an opportunity we have not experienced before and we should take advantage of it. I hope we spend this time showing the strengths we have and bring more attention to the areas that need assistance.

Earlier Long Beach City officials were aware of the important decisions we needed to make in the 1990s—tough decisions that were designed to take us in a different direction—decisions that affected this community for generations to come, and the results of those decisions are all around us as you drive throughout the downtown core and in the revitalized retail areas throughout the city.

There is more energy, more vitality and more hyperventilating going on than ever before.

This is also true as you drive by City Place, The Pike, Towne Center, Wrigley Marketplace, Los Altos Marketplace, Towne Square, Marina Pacifica, Marina Shores and Bixby Knolls Shopping Center.

We haven't solved all of our infrastructure problems, as we are an old city, and a city that continues to grow is always balancing needs of the environment with needed infrastructure.

We need more parkland and open space. Space is a battle for us because we are a built-out city and bordered by 10 cities and the Pacific Ocean.

Achievements

By adding new businesses throughout our community, we've given visitors and residents more to do, more choices of restaurants and more reasons to be in Long Beach. The New York Times recently wrote how to spend 36 hours in Long Beach, stating that Long Beach is cultivating a reputation as an appealing modern city, with a clean downtown, cafes, restaurants and businesses. As we look at the changes in our community, here are a few of the reasons why:

- Our sales tax revenue continues to grow, expanding 58% since 1995. Having more people visit Long Beach and spending their money, was one of our primary goals established in the middle 1990s.
- We have led Los Angeles County and the Region in Retail Sales Growth in five of the past six years and our retail store sales have improved by more than 85% since 1994.

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- Our tourism vigor is reflected in a robust 80% growth in our transient occupancy tax over the past decade.
- In spite of our structural deficit, our investment pool has the highest possible rating for cities from Standard and Poor's Fund Services, affording protection from credit defaults and changing market conditions.
- No investment has been more attractive over the past ten years than Long Beach real estate. Assessed valuation has grown 48%--property tax revenue is up 32% -- and expected to rise another 7% this year.
- This may help account for CNN & Money Magazine recognizing the 90802 zip code as one of America's hottest zip codes in the nation.
- Our Convention & Entertainment Center had 800 event days during the year attracting two million visitors, further reinforcing the decision to expand the convention center in the 1990s and focus on a tourism business sector.
- The CVB's Steve Goodling and his staff deserve recognition for their outstanding accomplishment as well as David Gordon and his Convention Center staff.
- Overall crime is down more than 6% and during the year we formed a Youth and Gang Violence Prevention Task Force, comprising community members and city staff to develop strategies to address aggressive youth behavior.
- The Fire Department's Community Emergency Response Team has trained over 2,200 citizens to prepare our city for major emergencies.
- Last month we had two academy graduations—65 new police recruits and 21 new fire fighters. We now have the largest number of police on the streets than we have ever had before.
- Both our Long Beach Police and Fire departments are sources of pride in our City.
- We completed the 2005 budget with the public having over 60 opportunities to comment. We now have one of the most inclusive and transparent budget processes in California.
- Our 12 Library Family Learning Centers continue to meet the needs of children and their parents throughout the city providing computer and homework assistance to 34,000 students annually.
- We opened the Miller Health Education Center to provide a vital learning environment dedicated to promoting a healthy city through education and collaboration with our diverse community.

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- We have a partnership between the City and our business community. They adopt schools, they have clean-ups at the beaches, sponsor events and programs, and we want to thank Boeing, Verizon and the Annenberg Foundation for their assistance in funding the Raising the Reader Initiative. In its first year it improved the skills of over 1,000 preschool children and their families.

That list of achievements and accomplishments are irrefutable evidence that the decisions made in the 1990s are now paying dividends.

Many of the issues that we are addressing in Long Beach are no different than the issues that many other communities are besieged by. But I believe our solutions, in many cases, are more thoughtful and well planned.

The new downtown Cesar Chavez elementary school that opened with city assistance includes joint use of multi-purpose facilities.

It is an outstanding example of cooperation between city government and the school district—cooperation that is becoming more common and more necessary today in the face of shrinking budgets.

Our schools are noted as efficient, effective and highly amenable to working in partnership with the City. We are educating a very diverse student body of 97,000 at 95 schools and 74,000 of those students are wearing school uniforms.

The school district and six separate city departments work together to help reduce and eliminate duplication and waste, coordinate land use and City and school services.

National attention to our schools has occurred because of their success. The Broad Award last year awarded the district the distinction of being the best urban school district in America.

Global Trade

One of those areas where job growth seems to continue is our Port. The Port continues to be a major provider of jobs to the local and regional economy. This will continue as Pacific Rim trade sustains its uncommon growth. Our Port is recognized for its efficiencies, its innovative cargo-handling techniques and its on-dock rail system. The port's major challenges will be to balance expansion with growing environmental concerns.

Our Port has taken dramatic steps this year to meet those challenges including the expansion of the Healthy Harbor programs, involving 16 separate environmental initiatives.

These include:

- Cold ironing—the technique of using on-dock electric power reducing diesel emissions has been embraced by BP, and other shipping lines are in line to follow.
- Diesel Emission Reduction efforts that exceeds both State and Federal requirements, and
- A comprehensive storm water pollution prevention program that has earned awards.

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Another issue facing the City and the Port is the future of the 710 freeway and the Gerald Desmond Bridge. The freeway was built in 1952 and was designed for the traffic flow of that period.

Southern California agencies, local governments and Cal Trans are working with Long Beach to gain consensus on a plan that reduces congestion without wiping out homes and businesses. We are all working to help pass the Federal TEA 21 reauthorization bill that provides transportation funding and has been tied up in Congress for a year and a half.

However, we are encouraged that the Department of Transportation has realized the national significance of the 710 freeway and the unique needs of our region, and has established its only Southern California office in Long Beach. The office will greatly enhance our ability to communicate our concerns directly to the DoT, and will be managed by Randy Rogers, who is here with us today.

I want to thank Tonia Reyes Uranga and councilmembers, Val Lerch and Bonnie Lowenthal for all their efforts on the 710 Plan. International trade and tourism were the early generators of economic strength in our community and they are a strong part of our city's future.

Tourism

As I said earlier, tourism much like global trade is gaining in stature as one of our primary economic drivers. Through the efforts of the Convention and Visitors Bureau, and its partners, our convention sales have grown over each of the past five years, and this has occurred during the time that other cities are making investments in

tourism-related projects—available west coast exhibit space has expanded by 61%.

We have had to be more competitive with those organizations interested in bringing shows and conventions to the west coast.

During 2004, the CVB topped all previous totals by confirming more than 218,000 hotel room nights for future events in Long Beach. That is a 600% increase over the room nights that were booked in 1999. Convenient hotels, outstanding Convention Center, restaurants, museums, Aquarium of the Pacific, Queen Mary and a growing arts district have brought a new dynamism to downtown.

Tourism was never more evident this past summer when we hosted the Toyota Aquatics Grand Prix and the Olympic swimming trials. The record crowds and the six world records established, and the value of the media coverage that exceeded \$117 million have been well documented.

There has been much written and spoken about the wonderful coverage on NBC and the national stories that appeared in the Wall Street Journal, Sports Illustrated and Westways Magazine.

But this is my favorite item and it was written by Nick Madigan of the New York Times.

“The U.S. Olympic Swim Trials were contested in a glorious setting, a temporary pool in Long Beach, constructed just a couple of hundred yards from the Pacific Ocean and ringed each night by close to 10,000 screaming fans sitting in bleachers that rose high above the water.” This captured the essence of those magic weeks we experienced last summer.

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The Women's Collegiate Volleyball Championships that we hosted last month brought teams and coaches from all over the country to see and experience our City. California State Long Beach's Women's Volleyball coach, Brian Gimmillaro brought them to us. Our tourism business is in excellent hands.

Neighborhoods

I mentioned earlier that when it came time to determine our community's future we had to identify our strengths in business and in international trade and tourism. But our real strength in Long Beach is in our neighborhoods. Our diverse neighborhoods are what help make us a community and define us from so many other cities in Southern California.

In addition to Sunset Magazine featuring the Long Beach waterfront at Rainbow Harbor, California Heights Neighborhood Association won the Best in the West Neighborhood Award, and the League of California Cities awarded our community two of the prestigious Helen Putnam Awards, in recognition of the main library's information center for the disabled and the Neighborhood Resource Center.

Neighborhoods need funds for renewal. There is a direct connection between the changes and the revitalization that has occurred downtown and in our retail areas, and the funds that are necessary for use in our neighborhoods.

The enhancements and improvements to our streets, sidewalks, curbs, gutters and parks would not be possible without the economic and business growth of our City and the tax revenue that is being generated. We are continuing to commit \$3 million annually to

sidewalk and curb repairs, which enabled us to make 15,000 sidewalk repairs and fill 25,000 potholes and we need more in the future.

Over the past five years we have constructed or rehabilitated 1,451 affordable housing units, including 96 at the Grisham Community Housing Complex, and in 2004, we approved the Housing Action Plan, which established a five-year planning budget.

In addition, the City's Housing Rehabilitation program made loans covering 56 single-family units and we also invested \$2 million in eight multifamily units providing 188 apartment units located throughout the City for low-income families.

We also addressed the small business needs of our neighborhoods by awarding more than 2000 business licenses to small businesses.

Our City's Career Transition Center and Youth Opportunity Center provided employment assistance and job training services to nearly 20,000 adult and youth customers in 2004.

Our Business Development Center had over 9,500 contacts with the business community through workshops, counseling and other outreach efforts assisting many small businesses to get started—many of which are neighborhood-based.

I mentioned earlier that the City and our citizens are more cognizant today of our environment and our obligations. Our citizens have more concerns regarding our Port, our airport and the future of the 710 freeway.

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Over 1,500 people participated in the international coastal cleanup coordinated by our Parks, Recreation and Marine Department and several schools and neighborhood groups are conducting weekly cleanups. Our Refuse department is using 46 vehicles to collect trash and sweep our streets that are fueled by alternate fuels.

In addition Long Beach Transit's 220 buses are modernized and using ultra-low emission fuels, and 27 hybrid electric buses are on order that will reduce emissions even more.

What We Offer

I have outlined many of the reasons why I think Long Beach is continuing to move forward and several changes have been addressed this past year.

We have a downtown that has had private investment of more than a billion dollars with more on the way.

We are adding six to ten thousand new permanent residents in addition to the hotels being planned, all of which will create a new dimension to our quality of life. The infrastructure improvements haven't been limited to downtown.

In the past 18 months we have completed or revitalized the Emergency Operations Communications Center, the North Police Station, the Public Safety building downtown, and Cesar Chavez elementary school.

In addition to that new development, we were still able to add six mini-parks to underserved areas during 2004, opened the Houghton Skate and BMX Park and renovated the El Dorado Senior Center.

Additional open space improvements will occur in the coming year with nearly \$7 million we received in competitive grant funding for park and wetland development projects. We are also in the process of designing a brand new 16,000 square foot state-of-the-art Mark Twain branch library. It will be the first 21st century library created in Long Beach.

Stewardship of our water supply is also a vital component of our continued growth. Our Water Department continues to provide some of the cleanest and best tasting water in the region at some of the lowest rates. And to protect our community from future droughts, we are constructing the nation's largest federally authorized desalinating research and development project.

We are also hopeful that the federal government will soon order additional C-17 airlifters from Boeing to extend production in Long Beach beyond 2010. The C-17 continues to prove its humanitarian worth in addition to its military objectives.

We are fortunate to have the Boeing parcel now called Douglas Park in adaptive re-use. With the EIR now complete and with City Council approval, this property will now be marketed for commercial and residential uses. With marketing plans by Boeing Realty directed by the city's guiding principles, Douglas Park provides 137 acres of commercial development and a 100-acre residential component.

The commercial element has the capability, according to Dr. Joe Maggadino of Cal State Long Beach Economics Department, of creating more than 10,000 jobs while also addressing the city's urgent demand for new housing.

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This is our last available large parcel of land for commercial and residential development.

Douglas Park and the California State Long Beach Tech Park on the Westside, will provide the necessary amenities and space for our community to continue growing its technology business sector.

Airport

The ongoing airport enhancement proposal will be facing the Council in the coming months. This is vital to our airport's future. We are bound by our limit of 41 flights as determined by our noise ordinance and the city council will fight to maintain that limit. In many cases visitors get their initial look and impression of our community at the airport.

Our airport was never designed to handle over 3 million travelers—that is a 300% increase since 2001 thanks in large part to Jet Blue. We need an airport that is consistent with our image as a tourist and business center. It's time for us to reach consensus and solve it—and the sooner the better. Even if a decision were made today, we are years away from completion.

Challenges & Daily Problems

We still have many challenges. We need to keep constantly addressing the issues that exist in our neighborhoods. We need to find ways to meet the needs for housing and homelessness as our population in Southern California increases, and to give more people the opportunity to be homeowners.

We need to ensure that we live in a clean city by paying attention to graffiti and litter and by encouraging citizens to take responsibility for public places.

We must make tangible improvements in our commercial and transportation corridors such as Long Beach Boulevard, Atlantic Avenue, Pacific, Anaheim, Seventh Street and Pacific Coast Highway. By targeting some resources for new housing and business developments along those corridors we would be facing our future population growth needs.

We need to make our neighborhoods safe for all citizens, to give hope to those who need it the most and to rid our streets and alleys of gang and youth violence.

We need to ensure that our community, including the port and the airport, are safe and that we are doing all we can in regards to homeland security. The Homeland Security Department has designated us as a high-risk security area, and our City has been allocated more than \$50 million in Homeland Security money. The bulk of this has been for Port security.

The Fire Department secured an additional \$12 million, shared with adjoining communities and used by various city departments to better prepare the city for potential acts of terrorism. Homeland Security is one of the critical priorities of the U.S. Conference of Mayors and this will not change when I assume the presidency this summer.

Other federal issues that need immediate attention in Long Beach and cities nationwide:

- Restoring the COPS Program to its previous funding level. This program has greatly assisted our police department in adding personnel and equipment.

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- Community Development Block Grant and HOME Investment partnership funds and programs from HUD were cut this year and these programs are vital for our communities.
- Training Programs—we need to maintain adequate funding for workforce and skills development so that citizens have the training they require to meet the changing skills needed for the workforce so cities can remain competitive. We also need to renew our historic commitment to the needs of young people in preparing them for the jobs of tomorrow.
- Federal youth funding has been slashed 50% in the past decade and we need to stop the continuing reductions. According to economist Paul Harrington, of the Center for Labor Statistics at Northeastern University, 20% of our Long Beach youth ages 16 to 24, are not working nor are they attending school—it's a scary thought.

Obviously our first priority in the City has to deal with our budget. Two years ago we were faced with the daunting task of eliminating a structural deficit that exceeded \$100 million. One year from now, we will have that deficit reduced to less than one million dollars.

It is a remarkable accomplishment in such a short time—and a tribute to the City Council, Jerry Miller our City Manager, and his staff for doing what is right rather than what might be expedient. We have to remember that people are programs.

We've learned a great lesson. We now have the appropriate checks and balances in place to ensure that our future includes a balanced budget while continuing to provide core services that our residents expect in an effective and responsive fashion.

We are grateful for the passage of proposition 1A that will protect future city revenues from being hijacked by the State Legislature. Proposition 1A was the result of intense discussions between the League of California Cities and Governor Schwarzenegger and it fulfilled the Governor's pledge to the Big Ten Mayors to create a mechanism that would protect the future budgets of local communities.

A problem is just the absence of an idea. The problems and challenges we are facing today are:

- The budget
- Neighborhood enhancement
- The environment
- Public safety and Homeland security
- Transportation
- Training and education
- Business Development
- Redevelopment
- Housing
- Infrastructure needs
- Jobcreation

These are the challenges that will dominate the final 18 months of my tenure.

Vision for the Future

We need to be more aware and have more respect and understanding of who we are. That in turn will lead to acceptance and appreciation of our diversity—that which makes our community so different from all others.

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Not only is our community distinctive, but so are our citizens. They care. They volunteer by the thousands to support the arts. They care about our museums. They volunteer to clean-up neighborhoods and beaches. They sweep alleys and join neighborhood watches. And thousands of them volunteer to the City to make our community what it is.

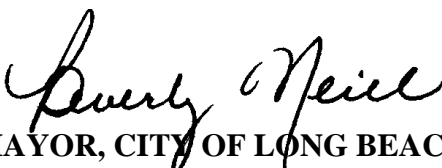
Eric Severeid once said that the most distinguished hallmark of American society is and always has been changes. I think he was right about this. That, when we come to know that change is the only reality, life gets much easier. A viable city is not static or passive. It must constantly be re-invented.

Nostalgia is a wonderful thing in its place, but isn't ordinarily a productive course of action. The 'Good old Days' were seldom as good as we like to remember. Someone once said that nothing is more responsible for the good old days than a bad memory. To quote from that famous philosopher, Mae West, "The road to success is always under construction."

Is it any wonder that when the DLBA held its recent State of Downtown breakfast, that guest speaker Tim Leiweke, the CEO of Anschutz Entertainment Group, characterized our community as one of America's magnificent cities.

I believe what he said and I also believe that the future belongs to those who believe in the beauty of their dreams. We have a wonderful opportunity to fulfill our dreams, to take our community, the Long Beach community, and make it indeed one of America's magnificent cities.

Thank you.


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